GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:1815
ANSWERED ON:29.11.2007
FORMATION OF SPECIAL PURPOSE VEHICLE BY STEEL COMPANIES
Chandrappan Shri C.K.;Das Gupta Shri Gurudas;Vallabbhaneni Shri Balashowry

Will the Minister of STEEL be pleased to state:

(a) whether the Government has given its approval to form a Special Purpose Vehicle (SPV) by the leading Steel Companies to acquire Coal properties abroad to meet their growing production needs;

(b) if so, the details thereof;

(c) the reason for allowing to acquire Coal mines abroad; and

(d) the total investment involved therein?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (DR.AKHILESH DAS)

(a)to(d): Yes, Sir. The Government on 8.11.2007 has approved the proposal for setting up of a Special Purpose Vehicle (SPV) with an initial authorized capital upto Rs.10,000 crores and an initial equity capital of up to Rs.3,500 crores. This SPV would comprise the following equity participants from the Public Sector: Steel Authority of India Ltd (Rs.1000 crores), Rashtriya Ispat Nigam Ltd. (Rs.500 Crores), Coal India Ltd. (Rs.1000 crores), National Thermal Power Corporation Ltd. (Rs.500 crores) and National Mineral Development Corporation (Rs.500 crores) with eventual provision for inducting private sector partners also, as and when warranted. This SPV would be empowered with the autonomy and freedom currently accorded to Navaratna companies, without formal Navaratna status.

The main objective of the proposal is to ensure supply of imported met coal of around 5 million tonnes per annum from assets overseas as medium term target to be achieved by 2011-12 and also to be an owner of about 500 million tonnes of met coke reserves by 2019-20.